

*Canada Deposit Insurance Corporation Act*

ments and is expected to grow at an adequate rate. C.D.I.C. was created with a share capital of \$10 million contributed by the government to get the corporation into operation. When the board of directors considers the fund adequate, it would seem unnecessary to continue this investment of capital in the corporation. It is proposed therefore to authorize the C.D.I.C. to redeem its shares and abolish the share capital structure. I may mention that the C.D.I.C. regularly pays a dividend on this capital equal to the rate of interest charged to Crown corporations on funds advanced to them.

A further amendment proposed in this bill concerns the definition "deposit". When the act was passed the board of directors was authorized to define that expression for the purposes of the act. When the act was amended in 1968 a time limit, March 27, 1969, was placed on the power of the board to alter the meaning of deposit which of course is of basic importance in the legislative scheme. Although the definition "deposit" is not found in the act, it is in reality part of the statute and this bill proposes to put it in a schedule to the act because of the numerous provisions involved in the definition. At the same time a few changes are being made in the definition for clarification purposes.

A relatively minor substantive proposal put forth in this bill is one giving C.D.I.C. the authority to guarantee the expenses of a liquidator of a member institution that is being wound up. Such expenses can now be paid by C.D.I.C. if it is itself appointed as liquidator, but it is felt that circumstances could very well arise where it would not be appropriate for C.D.I.C. to act as liquidator and where a professional liquidator would not wish to do so unless its fees were guaranteed.

The remainder of the proposed amendments are of a more minor nature and are for the most part intended to clarify existing provisions. Among these is a change in the provision providing for the designation of an alternate for a director who might be unable to attend a meeting of the board of directors. It was also felt that the provisions of the act regarding the subrogation of C.D.I.C. to the rights of a depositor paid off by C.D.I.C. should be clarified and strengthened. The proposal would accomplish this by specifically authorizing C.D.I.C. in its capacity as subrogee to maintain an action in its own name and by providing that C.D.I.C. can require a depositor who is being reimbursed to give C.D.I.C. a written assignment of his rights against the depository.

Those are examples of the changes proposed in this bill. It might well be that this bill could be combined for consideration by the Committee on Finance, Trade and Economic Affairs with the first of the three bills we considered this afternoon.

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, this bill is one that arises out of experience with the operation of the Canada Deposit Insurance Corporation Act since about 1967 when the act was brought into force for the first time.

[Mr. Kaplan.]

● (1520)

I recall those periods when there have been some rather unfortunate incidents with deposit taking institutions which, not only with regard to deposits but with regard to deposit certificates, had engaged in some rather speculative ventures and of course went bankrupt to the almost total loss of the deposit. All along the way it has been felt that there should be some form of guarantee at least to a certain limit of the deposits of individuals with various types of deposit taking institutions.

I have always felt that we should have a definition of banking which includes all deposit taking institutions subject to a general bank act. I hope I will be able to prevail rather better than ten years ago in getting my views known to the members of the Standing Committee on Finance, Trade and Economic Affairs, to members of the House, and to administrative officials, because I think we have got ourselves into a series of pigeon holes without creating an effective credit granting system in Canada, much of it outside the legitimate purview of the Minister of Finance (Mr. Macdonald) who is held responsible for the banking policy of the government and for the economy as a whole. The present restrictions that are imposed upon him and on any minister of finance, I think, are quite wrong, quite unfair. There are some institutions in the financial world in this country operating with impunity, without any control or supervision. Of course changes in the Bank Act will attempt, with some band aids, to bring these people under some sort of mandatory supervision regarding their security and the protection of the public—not supervision and direction of their operations because there is a well established philosophical difference in that connection.

I must say that it is rather difficult for me to comment upon the purposes of a housekeeping type of bill such as this when, as a matter of fact, I was able to get a confidential copy of this bill just before 11 o'clock, even though it had been given first reading yesterday. It is rather difficult, when you are going to discuss a bill in the afternoon and you have received it just beforehand, a bill based on the existing act, to see where the amendments fit in and to make a cogent argument one way or the other. All I can say is that we will examine this in committee and by that time the Superintendent of Insurance, who is the officer of the Department of Finance charged with the supervision of the operations of this act, will be able to come forward with his assistants and explain to the members of the committee why these changes are wanted. We will then see whether other changes are required as well.

I am always mindful about the deposits of individuals and the interest they demand. I am glad to see that in the schedule which will be introduced in the bill there is a definition of the date of the deposit. I have a son who is an employee of a chartered bank. He always tells the story about an individual who came along storming some time between Christmas and the New Year insisting that the deposit which he put into a night depository some time on December 24 should carry interest for all the days that applied over the holiday and before the deposit could be handled. In any event, this bill